



State of Utah

DEPARTMENT OF COMMERCE Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held
in the Heber M Wells Building, 160 East 300 South Salt Lake City, Utah, 2 May 2006

Dee Jay Hammon called the meeting to order at 9:30 p.m. in the North Conference Room, 1st floor.

Members of the Committee in Attendance:

Dee Jay Hammon
Franz Amussen

Ryan Atkinson
Betsy Wolf

Kent Bateman
Kelly Casaday

Staff in Attendance:

Dan Gimble
Cheryl Murray
Ronnie Drake

Paul Proctor
Kevin Hale
Chris Keyser

Reed Warnick
Eric Orton

Members of the Public in Attendance:

Roger Ball

Gary Robinson

Jenifer Nii

1. Administrative Matter

1.1 Welcome and Apologies for Absence

Dee Jay Hammon welcomed all those present.

1.2 Dates and Location of Next Meetings

Tuesday, July 11, 2006, commencing at 9:30 a.m. in Room #474 (4A), Heber M. Wells Building, 4th floor.

1.3 Approval of Minutes from Prior CCS Meeting

Franz Amussen motioned to approve minutes for meetings dated 29 August 2005, 15 December 2005, 31 January 2006, 22 February 2006 Meeting Minutes. Kent Bateman seconded the motion and it passed unanimously.

1.4 Update on Search for New CCS Director

Dee Jay reported that the Search Committee is organized and will be meeting with the candidates for the new CCS Director within the next week or so.

1.5 Committee Member Status

Kent Bateman's, Ryan Atkinson's, and Franz Amussen's terms expire on 1 July 2006. Discussions are scheduled to find out whether or not the Governor would like to reappoint or replace these Committee members.

2. Public Comment

No public comment was made.

3. Electricity

3.1 PacifiCorp 2006 Rate Case Update

CCS Staff has submitted eight to ten rounds of data request to PacifiCorp. PacifiCorp responded with a master data response. Based on the information so far, the Committee is ready for an on-site audit. The Committee will be sending Larkin and Associates, Ronnie Drake will accompany them.

Parties have already engaged in some preliminary settlement discussion. The discussions were initially focused on test year issues. The Company has three test year options: historical, mid-period test year, or a future test year. The Company has filed testimony in support of the future test year.

3.2 PSC Order on Tax Case Settlement

The Commission has approved the tax case settlement with PacifiCorp and the Committee of Consumer Services. According to the terms of agreement, MidAmerican will transfer its \$12.2 million stock ownership in Intermountain Geothermal Co. (IGC), which operates a power plant near Milford, Beaver County to PacifiCorp. The company's ownership of IGC's steam fields will offer customers up to \$32 million in benefits from a "clean energy resource." It also enables PacifiCorp to expand the plant & offers ratepayers generating cost, rather than market cost. When the Committee viewed the possibility of settlement it valued the resource at \$39 million before taking into account the risks of litigation. Based on Dan's calculations, the Committee obtained for ratepayers a resource estimated at \$32 million, if the resource is expanded at net present value. The resource must be expanded to 36 megawatts for ratepayers to receive the \$32 million dollar value.

3.3 Status of RFP for 2012 Generation Resource

The draft RFP will be submitted 11 July 2006 with the updated information. The RFP is projected to be completed in 2012 and most likely will be a coal resource. A consultant-expert has been retained to review the projected coal resource.

4. Natural Gas

4.1 CO2 Processing Costs – Supreme Court Appeal

The Committee entered into a settlement with the Division of Public Utilities and Questar Gas. The settlement, which allows Questar Gas to recover its gas processing costs, was approved by the Public Service Commission. On 6 January 2006, two appeals have been made to the Utah Supreme Court. One has to do with the issue of intervention and the second has to do with the Public Service Commission approval of the settlement itself. Committee members will be updated on the progress of these appeals.

4.2 Gas Pass-Through Decrease

Questar Gas asked the Public Service Commission to reduce natural gas rates by \$3.86 million because market price was lower than what was projected. Ratepayers will see a 3.7% decrease on an ongoing basis, not as a credit.

4.3 Conservation Enabling Tariff

The Conservation Enabling Tariff that was filed by Joint Applicants in mid-December has been split into two parts. The first part is the full sales and revenue decoupling mechanism for non-gas distribution costs. The second part is the rate reduction that was originally proposed by Questar in conjunction with the adoption of the decoupling mechanism. The Committee has filed testimony pertaining to depreciation and the appropriate amount of depreciation, which is one of the components of the rate decrease proposal. All the interveners began settlement discussions by first identifying the options. Paul Proctor stated that parties are working on a Stipulation to resolve the depreciation issues. The Committee testimony pertaining to the full sales and revenue decoupling is due 15 May 2006. Hearings are scheduled for June 26th through 28th. Kim & David Dismukes have been retained by the Committee as expert witnesses regarding the decoupling proposal. We have confidence they will be a great help to the Committee.

5. Telecommunications

5.1 Sanpete County Extended Service Area (EAS)

24 February 2006 the Public Service Commission issued an order approving the Sanpete County EAS rate. It was submitted by Manti, Gunnison, and Central Utah telephone companies. When the Commission issued that order they said to go ahead with the survey to see if the residents in the county want EAS. In order for the Sanpete County to receive EAS, the survey must show a 67% approval rating. The survey will start 10 May 2006 and go throughout that week. This survey will be conducted by the Division of Public Utilities and will sample 600-800 residents. Survey questions will be: (1) if it was economically feasible, would you be interested in a Sanpete County local calling plan that eliminates long distance charges? And, (2) would you be willing to pay an EAS service fee of \$____, this would be \$____ more than your monthly payment now.

6. Public Outreach

6.1 Committee Newsletter

A draft newsletter was passed out to the Committee for their review and approval. The Committee requested the following four items be explored and presented in next months meeting:

1. Distribution list
2. Website availability
3. Estimated costs for printing, mailing, etc.
4. Formatting ideas

6.2 Local Seminars

Kelly Casaday reported on his participation in the Women's State Legislation Council panel discussion, along with Questar and the Public Service Commission of Utah.

6.3 Talking Points Regarding Key Issues/Cases

Talking points are on the Committee Website (www.ccs.utah.gov). Franz Amussen asked that more information be put on the Web site; Chris Keyser is updating the Web site and has added a "Current News" section.

Kent Bateman motioned that the Committee go into closed session to discuss pending or reasonably imminent litigation. Ryan Atkinson seconded the motion and it passed unanimously.

7. Closed Meeting: to Discuss Pending or Reasonably Imminent Litigation

Kelly Casaday motioned that the Committee return to open session. Franz Amussen seconded the motion and it passed unanimously.

8. Motions on Items Discussed in Closed Meeting

Franz Amussen motioned that the Committee staff be authorized to settle a permanent Questar Gas rate reduction in the amount authorized in the closed session in regards to the CET proceedings. Kelly Casaday seconded the motion and it passed unanimously.

9. CCS P&T Budget Update

Handouts were passed out to explain the budget for next year.

10. Other Business

Kelly motioned to adjourn and it passed unanimously.